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8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 [SAN JOSE DIVISION]

11 In re

Case No. 07-52890

12 THE BILLING RESOURCE, dba
13 INTEGRETTEL, a California corporation,

Chapter 11

14 Debtor.

15 Tax ID: 33-0289863

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17 THE BILLING RESOURCE, dba
18 INTEGRETTEL, a California corporation,

Adv. Proc. No. 07-05156

19 Plaintiff,

**SUPPLEMENTAL MEMORANDUM IN
SUPPORT OF REQUEST FOR
TEMPORARY RESTRAINING ORDER
AND ORDER TO SHOW CAUSE RE:
PRELIMINARY INJUNCTION AND
DECLARATORY RELIEF**

20 v.

21 FEDERAL TRADE COMMISSION, and
22 DAVID R. CHASE, not individually, but
solely in his capacity as receiver for
23 Nationwide Connections, Inc., Access One
Communications, Inc., Network One Services,
24 Inc., 411TXT, Inc., CELL-INFO-USA, INC.,
Enhanced Billing Services, Inc., Toll Free
25 Connect, Inc., Cripple Creek Holdings, LLC,
Built to Last, LLC, Not Fade Away, LLC, He's
26 Gone, LLC, The Other One, LLC, Turn on
Your Love Light, LLC, China Cat Sunflower,
LLC, Lazy River Road Holdings, LLC,

Date: October 2, 2007
Time: 2:00 p.m.
Place: United States Bankruptcy Court
280 South First Street
San Jose, California
Judge: Hon. Arthur S. Weissbrodt
Courtroom: 3020

27 Defendants.
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1 This Supplemental Memorandum is filed regarding the pending motion by the
2 Debtor for a Temporary Restraining Order and Order to Show Cause (“TRO Motion”)
3 against the Federal Trade Commission (“FTC”) and the court-appointed Receiver in the
4 Florida Action. The Court gave the Debtor leave to file a Supplemental Memorandum and
5 additional supporting evidence prior to a hearing set for October 2, 2007 at 2:00 p.m.

6 The Debtor has not heard anything from the FTC as to whether it will accept the
7 Court’s suggestion that the parties request an agreed order from the Florida Court giving
8 the parties three weeks of “breathing room” in the present litigation schedule. The Debtor
9 continues to believe that it is extremely important to the success of its reorganization that
10 the Florida Action be stayed as to the Debtor, not just for the next three weeks but for the
11 three to five months that it will likely take to confirm a plan of reorganization. The Debtor
12 has submitted a Supplemental Declaration from the Debtor’s President, Ken Dawson to
13 address the “breathing period” stay that shows that Mr. Dawson has his hands full running
14 and reorganizing his company without having to also stay on top of the Florida Action,
15 which has been marked by frequent emergency motions, sudden rulings, and demands that
16 Mr. Dawson come to Florida on a moment’s notice to appear in court and testify.

17 What is before the Court now is the Debtor’s request for a temporary restraining
18 order and an order to show cause for a preliminary injunction. The Debtor’s original
19 Memorandum showed that this Court can enjoin the Florida Litigation if it “threatens the
20 integrity” of the bankruptcy estate. Solidus Networks, Inc. v. Excel Innovations, Inc. (In re
21 Excel Innovations, Inc.), ___ F.3d ___, 2007 WL 2555941, 07 Cal. Daily Op. Serv.
22 10,857, 10,859 (9th Cir. 9/7/2007). Here, the Debtor needs to devote its efforts toward
23 saving its business through a bankruptcy reorganization. If it is instead diverted to
24 addressing the pending regulatory proceeding brought by the FTC then it may turn out that
25 there is nothing to regulate because the Debtor is out of business.

26 The Debtor requests that the Court issue the TRO to enjoin prosecution of the
27 Florida Action against the Debtor based on findings that (1) that the Debtor has a
28 reasonable likelihood of reorganization based on the limited time it has had to pursue these

1 activities; (2) the Florida Action has been and will continue, unless stayed, to divert the
2 Debtor's personnel from focusing their attention on their business and its reorganization;
3 (3) that the Florida Action will be very expensive for the Debtor to defend in light of its
4 available resources; (4) that the FTC will not suffer any significant hardship from being
5 delayed in the prosecution of this case during the pendency of a TRO and thus the balance
6 of hardships tips in favor of the Debtor; (5) that a TRO would further the public interest in
7 fostering bankruptcy reorganizations and would not significantly interfere with the
8 regulatory goals being pursued by the FTC in the Florida Action.

9 The evidence before the Court justifies issuance of a stay for a period longer than
10 that of a TRO, but the Court can and should issue the TRO now and consider the matter
11 further at a preliminary injunction hearing in mid-October.

12 Dated: September 28, 2007

13 Respectfully submitted,

14 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

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16 By /s/ Steven B. Sacks
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19 Resource, dba Integretel
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